

104TH CONGRESS
1ST SESSION

H. R. 124

To amend the Internal Revenue Code of 1986 to allow a credit to employers for the cost of providing English language training to their employees.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. EMERSON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit to employers for the cost of providing English language training to their employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CREDIT FOR EXPENDITURES TO PROVIDE LAN-**
4 **GUAGE TRAINING TO EMPLOYEES.**

5 (a) GENERAL RULE.—Subpart D of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to business related credits) is amended by
8 adding at the end thereof the following new section:

1 **“SEC. 45A. EXPENDITURES TO PROVIDE LANGUAGE TRAIN-**
2 **ING TO EMPLOYEES.**

3 “(a) GENERAL RULE.—For purposes of section 38,
4 the amount of the language training credit determined
5 under this section for the taxable year is 50 percent of
6 the qualified language training expenses paid or incurred
7 by the taxpayer during the taxable year.

8 “(b) QUALIFIED LANGUAGE TRAINING EXPENSES.—
9 For purposes of this section—

10 “(1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, the term ‘qualified language
12 training expenses’ means—

13 “(A) amounts paid or incurred by the tax-
14 payer with respect to expenses incurred by or
15 on behalf of an employee for qualified language
16 training of such employee (including but not
17 limited to tuition, fees, and similar payments,
18 books and supplies); and

19 “(B) the following expenses paid or in-
20 curred by the taxpayer—

21 “(i) wages (as defined in section
22 41(b)(2)(D)) paid or incurred by the tax-
23 payer to an employee for services consist-
24 ing of providing qualified language training
25 to employees of the taxpayer, and

1 “(ii) expenses of books and supplies
2 used in connection with the provision of
3 such training; and

4 “(C) wages (as so defined) paid to any em-
5 ployee receiving qualified language training to
6 the extent allocable to the time when such em-
7 ployee is receiving such training.

8 “(2) ONLY DOMESTIC EMPLOYMENT QUALI-
9 FIED.—Amounts may be taken into account under
10 paragraph (1) with respect to any employee receiv-
11 ing qualified language training only if substantially
12 all of the services performed by such employee dur-
13 ing the taxable year for the taxpayer are performed
14 in the United States or any possession of the United
15 States.

16 “(c) QUALIFIED LANGUAGE TRAINING.—For pur-
17 poses of this section, the term ‘qualified language training’
18 means—“(1) training in English language and literacy to
19 individuals with limited English proficiency, and “(2) re-
20 medial training in English language and literacy.”

21 (b) CREDIT MADE PART OF GENERAL BUSINESS
22 CREDIT.—Subsection (b) of section 38 of such Code is
23 amended by striking “plus” at the end of paragraph (7),
24 by striking the period at the end of paragraph (8) and

1 inserting “, plus”, and by adding at the end thereof the
2 following new paragraph:

3 “(9) the language training credit determined
4 under section 45A(a).”

5 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
6 such Code is amended by adding at the end thereof the
7 following new subsection:

8 “(d) CREDIT FOR LITERACY ENHANCEMENT EX-
9 PENSES.—No deduction shall be allowed for that portion
10 of the qualified literacy education expenses (as defined in
11 section 45A(b)) otherwise allowable as a deduction for the
12 taxable year which is equal to the amount of the credit
13 determined for such taxable year under section 45A(a).”

14 (d) CREDIT ALLOWABLE AGAINST MINIMUM TAX.—
15 Subsection (c) of section 38 of such Code is amended by
16 redesignating paragraph (2) as paragraph (3) and by in-
17 serting after paragraph (1) the following new paragraph:

18 “(2) LANGUAGE TRAINING CREDIT ALLOWED
19 AGAINST MINIMUM TAX.—

20 “(A) IN GENERAL.—The amount deter-
21 mined under paragraph (1)(A) shall be reduced
22 by the portion of the language training credit
23 not used against the normal limitation.

24 “(B) PORTION OF LANGUAGE TRAINING
25 CREDIT NOT USED AGAINST NORMAL LIMITA-

1 TION.—For purposes of subparagraph (A), the
2 portion of the language training credit not used
3 against the normal limitation is the excess (if
4 any) of—

5 “(i) the portion of the credit allowable
6 under subsection (a) which is attributable
7 to the language training credit, over

8 “(ii) the limitation of paragraph (1)
9 (determined without regard to this para-
10 graph) reduced by the portion of the credit
11 under subsection (a) which is not so attrib-
12 utable.”

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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